



August 14, 2003

**Indictment charges physician and pharmacy owner with illegally
diverting drug samples and with health care fraud**

**In an alleged scheme between Wallace Gonsalves and
Anthony Albanese, Cameron's Pharmacy is alleged to have fraudulently received
more than \$1.1 million from health insurance programs**

A federal grand jury has charged **Wallace E. Gonsalves, Jr.**, a physician who practiced in Cranston, and **Anthony Albanese**, owner of Cameron's Pawtuxet Pharmacy, with illegally diverting free drug samples to the pharmacy and with health care fraud. Cameron's is alleged to have fraudulently received approximately \$1,155,194 in reimbursements from health insurance programs for prescriptions sold at the pharmacy. Albanese is also charged with money laundering.

United States Attorney Margaret E. Curran, Mark Dragonetti, Resident Agent in Charge of the Food and Drug Administration, Office of Criminal Investigations, Joseph Moraski, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of Inspector General, Joseph A. Galasso, Special Agent in Charge of the Internal Revenue Service, Criminal Investigations, and Kenneth R. Jones, Inspector in Charge of the U.S. Postal Inspection Service, jointly announced a 72-count indictment, which was returned yesterday in U.S. District Court, Providence. The indictment supplants a complaint lodged against Albanese and Gonsalves last month.

Albanese was arraigned today before Magistrate Judge David L. Martin, pleaded not guilty, and was released on \$100,000 bond, which he posted after being arrested on July 3.

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Gonsalves, who is also free on \$100,000 bond, is scheduled to be arraigned on this indictment on August 18. Gonsalves is also under indictment for allegedly diluting vaccines and filing fraudulent immunization reports with the Immigration and Naturalization Service.

According to court records, Gonsalves was born on July 18, 1941, had a practice located at 1596 Broad Street, Cranston, and lives at Two Sandy Brook Court, Warwick. The Rhode Island Department of Health suspended his license to practice last year. Albanese was born on August 16, 1956 and lives at 11 Kirsten Drive, North Providence. Cameron's Pawtuxet Pharmacy is located at 2206 Broad Street, Cranston.

Drug samples

According to the indictment, from sometime in 2000 until August 2002, Gonsalves and Albanese engaged in a conspiracy in which Gonsalves sold Albanese drug samples that the doctor received for free from pharmaceutical companies. Albanese mixed the samples with regular drug stock that Cameron's purchased from a wholesaler and had prescriptions filled with the mixed stock. Gonsalves allegedly provided Albanese with samples of more than 100 different types of drugs, including Avandia, Prilosec, Singulair, Celexa, Allegra D, Vioxx, Premarin, Lipitor, Celebrex, and Paxil.

The indictment alleges that, during the time period that Gonsalves was providing Albanese with the drug samples, Cameron's dispensed approximately 300,000 more pills to customers than it had obtained from its drug wholesaler, McKesson Drug Corporation.

The Prescription Drug Marketing Act of 1987 prohibits the sale of drug samples. The purpose of the law is to ensure the quality of prescription drugs by preventing misbranding and the sale of adulterated or expired drugs.

Health care fraud

The indictment also alleges that Albanese and Gonsalves aided and abetted each other in a health care fraud scheme in which Cameron's Pharmacy fraudulently billed public and private health care insurance plans for prescriptions that included the illegally obtained samples.

Between July 2000 and August 2002, Cameron's billed approximately \$1,686,635 in reimbursement claims through claims processors. Cameron's allegedly received approximately \$1,155,194, through those processing firms, from the Medicaid program, Blue Cross Blue Shield, Coordinated Health Partners of Rhode Island, and United Health Care of New England.

Money laundering

The indictment charges Albanese with laundering the proceeds of the illegal drug sample scheme by using those proceeds to pay for Cameron's operating expenses. He is alleged to have laundered \$94,000 in rent payments to Jabco, LLC, which owned the Cameron's property, and \$775,550 in payments to McKesson Drug Company.

Albanese is also charged with laundering money by transferring ownership of Cameron's and Jabco to another company that he formed and controlled, Albaco, LLC, remortgaging the property and transferring \$1,386,000 of the proceeds of the refinancing into several bank accounts.

Forfeiture allegations

The indictment seeks the forfeiture of assets that Gonsalves and Albanese allegedly derived from health care fraud and proceeds that Albanese allegedly derived from money laundering. Assets sought from Albanese and Gonsalves in the health care fraud forfeiture allegation include \$1,155,194.66, the amount Cameron's is alleged to have fraudulently received

in health insurance reimbursements. Two money laundering forfeiture allegations against Albanese seeks assets from Albanese that include \$94,000 in rent payments to Jabco, \$775,550 that Cameron's paid to McKesson during the alleged fraud scheme, and assets in a Cameron's account at Citizens Bank. A third forfeiture allegation against Albanese seeks \$1,386,005 that was allegedly derived from the transfer and refinancing, and assets in an Albaco bank account at Citizen's bank

The indictment charges Gonsalves and Albanese jointly with one count of conspiracy and 27 counts of aiding and abetting each other in health care fraud. Gonsalves and Albanese are charged separately with ten counts each of illegally selling drug samples. Albanese, is charged with 24 counts of money laundering. There are four forfeiture allegations, one against both defendants and three against Albanese alone.

An indictment is merely an allegation and a defendant is presumed innocent unless and until proven guilty. Upon conviction, the statutory maximum penalties for the offenses charged in the indictment are: conspiracy – five years imprisonment and a \$250,000 fine; selling drug samples – ten years imprisonment and a \$250,000 fine; health care fraud – ten years imprisonment and a \$250,000 fine. Exact sentencing for any defendant convicted would be determined on the basis of federal sentencing guidelines, which take into account such factors as the specific nature and impact of an offense and a defendant's criminal background, if any.

The case resulted from a joint investigation by the **U.S. Food and Drug Administration, Office of Criminal Investigations**; the **U.S. Department of Health and Human Services, Office of Inspector General, Office of Investigations**; the **Internal Revenue Service, Criminal Investigations**, the **U.S. Postal Inspection Service**; the **Rhode Island Attorney**

General's Medicaid Fraud Control Unit; the Rhode Island Department of Health; and the North Providence Police Department. The Bureau of Immigration and Customs Enforcement provided assistance.

Assistant U.S. Attorneys Luis M. Matos, Lisa Dinerman, and Michael P. Iannotti are prosecuting the case.

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